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STATE FOR EEB/TPP/ABT (GACLEMENTS)
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TAGS: [ECON](#) [ETRD](#) [KTEX](#) [BX](#)
SUBJECT: BRUNEI TEXTILE BUST MAY BE LEVELING OFF

REF: A) STATE 114799 B) 06 BANDAR SERI BEGAWAN 501

¶1. (U) Continuing the trend reported in ref B, Brunei's textile/apparel industry has declined significantly since the expiration of global quotas in January 2005. The number of textile/apparel manufacturing companies has been reduced to just a handful. Total textile exports in 2006 were just over USD 80 million, less than half of the 2005 total.

¶2. (SBU) Government industrial promotion agency sources believe that the textile industry may have bottomed out in early 2007 and could stabilize at current production levels. They cite the difficulties of doing business in countries like Burma, and the political stability of Brunei as driving a limited return of some sewing operations to Brunei.

¶3. (SBU) Oil and natural gas production is and will remain Brunei's main industry and primary source of export revenue. Although the GoB is attempting economic diversification initiatives in areas such as halal food production, aquaculture and light industry, there have been few success stories outside of the short-lived textile boom. These successes will be few and far between as long as the GoB decision-making process to allow and/or support new industrial projects remains slow and top-down driven.

¶4. (U) In response to ref A, post provides Government of Brunei's statistics for 2006, and first quarter 2007 where available. All statistics are converted at an average exchange rate of US\$1 = B\$1.54.

Total industrial production

2006 - USD8.7 billion
Jan-Mar 2007 - USD 1.68 billion

Total textiles and apparel production

2006 - USD80.52 million

Textile/apparel share of host country imports and exports (2006)

Textile/apparel share of imports 5.37%
Textile/apparel share of exports 1.73%

Exports in textiles and apparel to the U.S. (2006)

USD98.11 million

Total manufacturing employment

28, 392 (2005 Labor statistics)

Total textiles and total apparel employment

18,508 (2005 Labor statistics - Manufacturing, mining & quarrying
category)

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